

Message Text

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PAGE 01 TEL AV 03010 01 OF 02 291429Z
ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 COME-00 EB-08 LAB-04 SIL-01 DOTE-00
TRSE-00 /069 W
-----291529Z 051554 /50

R 291315Z APR 77
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 5924
INFO AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMCONSUL JERUSALEM

C O N F I D E N T I A L SECTION 1 OF 2 TEL AVIV 3010

E.O. 11652: GDS
TAGS: ELAB, PINS, ECON, IS
SUBJECT: THE HISTADRUT, THE ELECTION CAMPAIGN AND DOMESTIC ISSUES

REF: TEL AVIV 2692

SUMMARY: BOTH THE HISTADRUT AND THE ALIGNMENT APPEAR TO
BE COMMITTED TO WORK IN MAXIMUM HARMONY DURING THE CURRENT
KNESSET AND HISTADRUT ELECTION CAMPAIGNS. PAST RIVALRIES
BETWEEN SHIMON PERES AND HISTADRUT SECRETARY GENERAL MESHEL
APPEAR TO BE SUPPRESSED. WITH THE OPPOSITION MAKING
LABOR RELATIONS AND ECONOMIC POLICY MAJOR CAMPAIGN ISSUES
AND CALLING FOR LEGISLATIVE AND BUDGETARY REMEDIES, THE
LABOR PARTY AND HISTADRUT LEADERS ARE EVOKING THE THREATS
OF SUCH MEASURES TO THE WORKER'S WELFARE AND EARNING POWER.
HOWEVER, FOLLOWING THE ELECTIONS, EVEN A LABOR-ALIGNMENT
DOMINATED GOVERNMENT WILL NOT BE ABLE TO AVOID RENEWED
STRAINS AND POWER CONTESTS BETWEEN THE HISTADRUT,
THE LABOR PARTY AND THE GOVERNMENT COALITION PARTNERS.
END SUMMARY
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PAGE 02 TEL AV 03010 01 OF 02 291429Z

1. WITH ISRAELI TRANSPORTATION REELING FROM THE
LATEST STRIKES WHICH HAVE TIED UP SHIPS AND PORTS,
AND WITH NEW STRIKES AND STRIKE THREATS OCCURRING
IN OTHER SECTORS ALMOST EVERY DAY, THE QUESTION OF
HOW THE NEXT GOVERNMENT WILL DEAL WITH LABOR PROBLEMS
IS ASSUMING INCREASING IMPORTANCE IN THE ELECTION

CAMPAIGN. LABOR PARTY OFFICIALS HAVE TOLD US THAT THIS HAS BECOME A MAJOR PREOCCUPATION AT ELECTION RALLIES AND CAMPAIGN WORKERS' MEETINGS. MOREOVER, THE OPPOSITION PARTIES, ESPECIALLY THE LIKUD AND THE DMC, ARE MAKING THE CHAOTIC LABOR SITUATION A MAJOR CAMPAIGN ISSUE.

2. SHIMON PERES, IN HIS NEW ROLE AS LABOR PARTY LEADER, HAS ALREADY PROCLAIMED HIS DETERMINATION TO DEAL DECISIVELY WITH LABOR PROBLEMS "EVEN IF THE REQUIRED MEASURES ARE UNPOPULAR." HE HAS OUTLINED A NEW "LABOR CHARTER" WHICH IS TO LINK WAGES TO PRODUCTIVITY, CALL FOR GREATER WORKERS' DISCIPLINE, AND SERVE AS A BASIS FOR A PUBLIC CAMPAIGN OF RESTRAINT TO CONTROL INFLATION AND INCREASE PRODUCTION.

3. STRESSING THE IMPORTANCE WHICH HE ATTACHES TO LABOR AND THE HISTADRUT, PERES ANNOUNCED THAT HE WILL TAKE THE ELECTION CAMPAIGN DIRECTLY TO THE WORKERS, WILL MEET WITH LOCAL HISTADRUT BRANCHES AND WORKS COUNCILS, AND WILL GIVE HIS ATTENTION TO THE HISTADRUT ELECTION CAMPAIGN FOLLOWING THE KNESSET ELECTION.

4. ALTHOUGH HISTADRUT SECRETARY GENERAL MESHEL HAD BEEN A STRONG PARTISAN OF RABIN, HE HAS SO FAR WELCOMED PERES' SHOW OF INTEREST IN THE HISTADRUT. PERES, IN TURN, HAS SKILLFULLY AVOIDED ANY APPEARANCE OF CONFLICT WITH THE HISTADRUT. HE HAS NOT INTERVENED IN CURRENT LABOR DISPUTES. MESHEL APPRECIATES THAT

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PAGE 03 TEL AV 03010 01 OF 02 291429Z

PERES DID NOT CHALLENGE HIS DUAL CANDIDACY FOR THE KNESSET AND THE HISTADRUT SECRETARY GENERALSHIP, DESPITE A LABOR PARTY RECOMMENDATION TO END THE HOLDING OF DUAL ELECTIVE POSITIONS; THAT HE HAS OFFERED ACTIVELY TO SUPPORT THE ALIGNMENT IN THE HISTADRUT ELECTION CAMPAIGN; AND THAT THE GOVERNMENT HAS PROMISED FOR THE FIRST TIME TO PROVIDE TELEVISION COVERAGE FOR THE HISTADRUT CAMPAIGN. MAY DAY CELEBRATIONS WILL BE USED TO KICK OFF THE ALIGNMENT CAMPAIGN AMONG WORKERS FOR BOTH THE KNESSET AND THE HISTADRUT ELECTIONS.

5. MESHEL, EAGER TO MAINTAIN AN ALIGNMENT MAJORITY IN THE HISTADRUT, HAS STARTED ALREADY TO EMPHASIZE ELECTION ISSUES WHICH SEEK TO EVOKE THE TRADITIONAL PIVOTAL ROLE OF THE HISTADRUT AND LABOR IN ENSURING THE SURVIVAL OF A ZIONIST SOCIALIST SOCIETY. THUS HE HAS CALLED FOR: A. LEGISLATION GIVING WORKERS REPRESENTATION IN MANAGEMENT OF GOVERNMENT OWNED

ENTERPRISES--EVEN THOUGH SUCH REPRESENTATION ON THE MANAGEMENT BOARDS OF HISTADRUT ENTERPRISES HAD BEEN INSTITUTED IN ONLY ABOUT ONE THIRD OF THEM AND THE WORKERS' VOICE IS GENERALLY CONSIDERED TO BE MORE FORMAL THAN SUBSTATIVE; AND B. NEGOTIATION OF THE PRICE-WAGE-TAX PACKAGE DEAL AMONG GOVERNMENT, HISTADRUT, AND EMPLOYERS AS A MEANS OF COPING WITH INFLATION, REDISTRIBUTING INCOME, AND DISCOURAGING SO-CALLED BLACK CAPITAL AND INCOME, I.E., PROFITS WHICH ESCAPED TAXATION. NEITHER OF THESE ISSUES ARE LIKELY TO GENERATE MUCH VOTER APPEAL.

6. HOWEVER, THE CAMPAIGN OVER LABOR ISSUES IS EXPECTED TO BECOME LIVELIER WITH THE LIKUD AND DMC DEMANDING COMPULSORY ARBITRATION IN ESSENTIAL SERVICES AND OTHER LEGISLATION TO CURB STRIKES AND SLOW-DOWNS. OPPOSITION FORCES ARE ALSO EXPECTED TO CALL FOR
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PAGE 04 TEL AV 03010 01 OF 02 291429Z

CHANGES IN THE MANAGEMENT OF PUBLIC AND HISTADRUT ENTERPRISES, DISASSOCIATION OF SOCIAL AND HEALTH INSURANCE FUNCTIONS FROM HISTADRUT MEMBERSHIP, AND TIGHTER CONTROL OF HISTADRUT FINANCES TO PREVENT HISTADRUT FUNDING OF POLITICAL PARTY ACTIVITIES.

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PAGE 01 TEL AV 03010 02 OF 02 291425Z
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USIA-06 COME-00 EB-08 LAB-04 SIL-01 DOTE-00
TRSE-00 /069 W

-----291530Z 051525 /50

R 291315Z APR 77
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C O N F I D E N T I A L SECTION 2 OF 2 TEL AVIV 3010

THE ALIGNMENT, IN TURN, WILL TRY TO DEFEND THE HISTORIC ROLE OF THE HISTADRUT, STRESSING VOLUNTARY ARRANGEMENTS AND DENOUNCING LEGISLATIVE PROPOSALS TO CONTROL AND INTERFERE WITH HISTADRUT FUNCTIONS AND INSTRUCTIONAL ARRANGEMENTS. THE HISTADRUT LEADERSHIP HOPES THAT THE OPPOSITION ATTACKS WILL BE PERCEIVED AS THREATS TO THE WORKERS' INTERESTS AND WILL THUS HELP TO MAINTAIN CONTINUING MAJORITY SUPPORT FOR THE ALIGNMENT IN THE HISTADRUT, DESPITE THE EXPECTED DECLINE OF ALIGNMENT STRENGTH IN THE KNESSET ELECTION. HOWEVER, IT IS INEVITABLE THAT THE RESULTS OF THE TWO ELECTIONS WILL BE INTERCONNECTED.

7. HISTADRUT OFFICIALS SPECULATE THAT SHOULD THE ALIGNMENT SLIP TO ONLY 40 OR 41 KNESSET SEATS, EVEN IF IT IS STILL ABLE TO FORM A COALITION, THE CHANCES FOR LONG SURVIVAL OF SUCH A GOVERNMENT WOULD BE SMALL. THE LEVERAGE OF THE NON-LABOR COALITION MEMBERS MIGHT THEN BE SUCH THAT MAPAM WOULD LEAVE THE ALIGNMENT WITHIN SIX MONTHS. A DECLINE OF THIS
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PAGE 02 TEL AV 03010 02 OF 02 291425Z

MAGNITUDE WOULD ALSO RAISE THE POSSIBILITY THAT THE ALIGNMENT COULD LOSE ITS MAJORITY IN THE HISTADRUT.

8. IN THE FACE OF SUCH RISKS, OUTWARD HARMONY BETWEEN THE LABOR PARTY AND THE HISTADRUT WILL BE MAINTAINED THROUGHOUT THE KNESSET AND THE HISTADRUT ELECTION CAMPAIGNS, AT LEAST UNTIL A NEW GOVERNMENT COALITION IS FORMED. AT THE SAME TIME PUBLIC EXPECTATION IS GROWING THAT THE NEXT GOVERNMENT WILL BE UNDER HEAVY PRESSURE TO TAKE FAR REACHING MEASURES TO CURB INFLATION AND LABOR UNREST, AND THAT PART OF THE LABOR PARTY MAY JOIN WITH THE OPPOSITION TO PASS LABOR LEGISLATION WHICH WILL BE OPPOSED BY THE HISTADRUT. THESE ECONOMIC AND POLITICAL UNCERTAINTIES, HISTADRUT LEADERS COMPLAINT, MAKE THE CURRENT LABOR CONFLICTS INCREASINGLY DIFFICULT TO SETTLE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, POLITICAL SITUATION, ELECTION CAMPAIGNS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TELAV03010
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770150-0592
Format: TEL
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977042/aaaaabrh.tel
Line Count: 216
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 TEL AVIV 2692
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2695844
Secure: OPEN
Status: NATIVE
Subject: THE HISTADRUT, THE ELECTION CAMPAIGN AND DOMESTIC ISSUES
TAGS: ELAB, PINS, ECON, IS
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/059c1c9f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009